interest rates while farmers and the Small Scale Industries are given loans on higher interest rates in the country;

(b) whether the Governor of the Reserve Bank of India has cautioned the Government in this regard, if so, the steps Government are going to take in this regard; and

(c) whether Government are aware that while speaking on global banking in the Joint Convention of the FICCI and Indian Bankers Association on 6th October in Mumbai the Governor of RBI expressed his concern over it?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) As per the interest rate policy of Reserve Bank of India (RBI), interest rates on loans given by commercial banks have been deregulated. However, the interest rate on loans upto Rs. 2 lakh should not exceed the Benchmark Prime Lending Rate (BPLR) of the banks concerned. Commercial banks are, therefore, free to decide their lending rates on loans above Rs. 2 lakh subject to the announcement of BPLR. Banks are also free to lend at sub-BPLR rates to credityworthy borrowers based on an objective and transparent policy, subject to the approval of their Boards. Banks decide their BPLR by taking into account, *inter-alia,* their cost of funds, transaction cost and risk cost.

(b) and (c) On 7th October, 2005, the Governor of the RBI had shown his concern about the public perception that there was under pricing of credit risk for private sector corporates while there could be overpricing of risks in lending to agriculture as well as small and medium enterprises.

Disinvestment of Shipping Corporation of India

2193. SHRI AMAR SINGH:
SHRI SHAHID SIDDIQUI:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have recently decided to hive off 15 per cent stake in the profit-making Shipping Corporation of India;

(b) if so, the details thereof;

(c) whether similar disinvestment has also been made in respect of some other profit-earning public sector undertakings; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No decision has been taken with respect to disinvestment in Shipping Corporation of India Limited.

(b) Does not arise.

(c) and (d) No disinvestment has been made in any other profit-earning central public sector undertaking during financial year 2005-06 till date.

Rural credit by Banks

2194. SHRI R.K. ANAND: Will the Minister of FINANCE be pleased to state:

(a) whether the present banking infrastructure provides only Rs. 2000 crore credit to rural areas, while the actual requirement is Rs. 45000 crore;

(b) if so, the reasons therefore; and

(c) what banking reforms are needed to meet the credit requirement of rural areas?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Total number of rural and semi urban branches of scheduled commercial banks in India have increased from only 4,780 in 1969 to 47,491 in June, 2005. The gross outstanding advances of rural and semi-urban branches has increased from Rs. 461 crore in June, 1969 to Rs. 2,43,875 crore in June, 2005. The amount of credit disbursed by the banking system in the country to agriculture, during the last three years is furnished below:—

Year	Credit Flow (Rs. Crore)
2002-03	69,560
2003-04	86,981
2004-05	1,15,242